

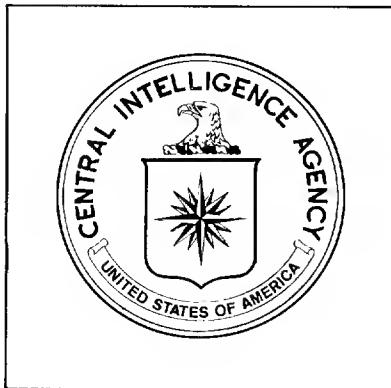
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STAFF NOTES:

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This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Turkish Election Campaign Spotlights Rift
in Government Coalition

The deep differences between the leaders of the two major parties in the present center-right coalition--Prime Minister and Justice Party (JP) leader Suleyman Demirel and National Salvation Party (NSP) leader Necmettin Erbakan--have bubbled to the surface as the country approaches elections on October 12 for one-third of the Senate seats.

Although the campaign does not legally begin until September 21, the politicking that is already underway has displayed the open rift between Demirel and Erbakan's conservative, Islam-oriented NSP.

In recent weeks Erbakan has publicly taken Demirel and the JP to task in the following ways:

- He has criticized the JP for pushing for an election alliance of the government coalition parties, while failing to support NSP candidates running under that banner.
- He has claimed that the economic planks of the JP platform are nothing more than an imitation of Western capitalism.
- He has likened the JP to a tasteless, watered-down soup and characterized Demirel as a colorless, ignorant, shameless, crook who represents European capitalists.

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Erbakan has criticized Demirel's handling of retaliation against the US arms embargo, claiming

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that he would like to see stronger measures taken. Erbakan has also opposed territorial concessions on Cyprus, leaving Demirel little room for maneuver in the intercommunal talks. In addition, Erbakan has given the Prime Minister a hard time over the nomination of provincial governors and the amount of land to be planted in poppies during the coming year.

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Demirel has not yet answered Erbakan in public because he wants to keep the coalition intact. [redacted] reports, however, that by mid-August relations between the two had deteriorated to the point that Demirel could barely bring himself to speak to Erbakan. The situation is aggravated by the knowledge on the part of both Erbakan and Demirel that any NSP gains are likely to come at the expense of the JP.

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Erbakan's post-election plans are still unclear. He has on several occasions predicted the continuation of the Demirel government after the elections, implying continued NSP participation. The Turkish press claims, however, that an NSP study exists which recommends the postponement of any decision on continued participation until after the election results are analyzed.

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The decision is likely to hinge upon Erbakan's perception of the NSP's long-range interests. Significant gains in October could lead him to feel that leaving the coalition and joining the opposition Republican Peoples Party in calling for new elections for the National Assembly would be the best course. Failure by the NSP to increase its Senate representation or NSP losses relative to the JP would limit Erbakan's options and make him more susceptible to Demirel's blandishments.
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Refugees Returning to Portugal Put Blame on Pro-Communists

The influx of refugees from Angola is putting an increasing strain on the government and is already changing the political equation.

Only 75,000 of an expected 375,000 Portuguese have been repatriated so far, with the remainder awaiting transportation out of the embattled colony before November 11, the date scheduled for Angolan independence. The refugees are bitter over the loss of their homes and the disruption of their lives and careers and, for the most part, blame pro-Communist elements in the government and military for their plight.

The Portuguese government has promised the refugees assistance in the form of unemployment payments, medical benefits, and family allowances. Despite the optimistic outlook of the government organization charged with dispensing the assistance, the mechanism is breaking down under the heavy load. There is a daily influx of between 1,500 and 2,000 refugees, and this number will increase as international assistance in the airlift is geared up.

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The government is trying to deal with the expected discontent of the refugees by moving them as quickly as possible through the processing center and providing free transportation to their original villages. In addition to relying on the traditionally strong family ties to provide the bulk of assistance, the government has encouraged the press to adopt a policy of studied neglect of refugee problems in the hope of lowering the refugees' political awareness and the public's level of concern.

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This policy of dispersion already appears to be backfiring. Most of the refugees are originally from northern Portugal where relatives, faced with new burdens and limited resources, have quickly adopted the refugees' cause. Thus, northern Portugal, already out of tune with Portugal's revolutionary leadership, has become a hotbed of discontent.

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The refugees have begun to organize and have already demonstrated that they have fewer inhibitions about resorting to violence than their fellow citizens. Several rallies and demonstrations have erupted into violent confrontations with counterdemonstrators or security forces, and refugees participated in many of the attacks on Communist offices in the north. These developments give only a small hint of the eventual impact the 375,000 embittered refugees will have on this nation of approximately 9 million.

One refugee leader reported that refugees in northern Portugal had planned a "national uprising," but did not carry it out because "highly placed" officers had asked that they be patient and that such an action might interfere with the plans of anti-Communist officers. If conditions do not improve, however, the refugees' patience will soon wear thin.

In the short term, the effect has been and will continue to be to give support to the anti-Communist faction within the military and to the democratic parties. But unless these groups are able to deal significantly with the refugees' problems---and that seems doubtful--they will become a volatile element in Portugal that will create further instability.

Portugal is already faced with rising unemployment and other serious economic problems. The influx of the refugees will swell the unemployment rolls, place a greater strain on housing, medical, and educational facilities, and even add to Portugal's

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balance-of-payments deficit by requiring greater imports of food and other consumer items. The anti-Communist military faction of Melo Antunes and the Socialist Party of Mario Soares have argued that they are best able to attract needed foreign assistance to deal with Portugal's failing economy.

If they are unable to follow through and make some substantial progress in dealing with those problems, the effect will be to create a climate conducive to a power move by either the extreme right or extreme left. Even now, for instance, the refugees represent a growing pool of manpower that might be used by former president Spinola in a move to return himself to power. (Confidential)

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Canada Weighing Romanian Request for
Nuclear Technology

2 | Canada is edging closer to a nuclear cooperation agreement with Romania, the first Communist state to seek Canadian help.

1 | Canadian officials report that Romania recently asked for a heavy water plant and attendant technology--including licensing rights for the international market--a CANDU nuclear power reactor, and a fuel fabrication plant with associated technology.

2 | The request follows several years of sporadic talks. One of the most important recent problems has been safeguards, a particularly sensitive issue for Ottawa since it believes that India misused Canadian technology to develop a nuclear device.

2 | 1 | The formalization of the Romanian bid suggests that Bucharest and Ottawa have narrowed, if not eliminated, differences over safeguards. Ottawa now is interested in US views on the prospective agreement and whether it would be compatible with existing restrictions on sales of certain equipment to communist nations.

2 | Italy, South Korea, Argentina and Pakistan are in various stages of acquiring Canadian nuclear material and technology. No agreement has been completed, however, primarily because of the safeguards problem. (Secret No Foreign Dissem)

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Too Much Wine in the EC

The EC is seeking both immediate and long-term solutions to the wine surplus, which is causing a sharp dispute between France and Italy and between these two and West Germany.

Italian exports of wine into France are at an all time high because of two succeeding bumper crops and because of variations in the lira-franc exchange rate. At the council of EC farm ministers early this week, France asked for EC permission to restrict the entry of Italian wine. No agreement was reached but the French cabinet, under strong pressure from French farmers, imposed restraints unilaterally on September 10. Rome is considering retaliatory measures.

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The EC Commission must now decide whether to stretch EC regulations to legitimize the French action, or attempt to persuade Paris to pull back. The Commission may threaten to take France before the EC Court of Justice, a tactic which has previously been effective with France.

The long term ramifications of the controversy now appears to be less serious than when it erupted last spring because progress has been made toward a fundamental reorganization of community wine production. The broad lines of a program to bring order to community wine production have been sketched. They include a two-year ban on new plantings and stricter quality control. Agreement is still lacking on the level and price of compulsory distillation of surplus wine into industrial alcohol. West Germany, which is under severe budget constraints, is reluctant to underwrite the substantial expense involved. (Confidential No Foreign Dissem)

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Iceland Begins Talks on Fishing Problem

The Icelandic government is under pressure from domestic interests to take a hard line in the fisheries negotiations with Britain that began this week. Nevertheless, there is some sentiment within Prime Minister Halgrimsson's Independence Party to accept something less than total exclusion of foreign fishermen from Icelandic waters.

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The key question is whether Iceland should allow any foreign fishing within a 50-mile zone once its unilaterally declared 200-mile limit comes into effect on October 15. British fishermen currently operate within the 50-mile zone under a two-year agreement signed in November 1973.

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The US embassy in Reykjavik believes that the Independence Party is inclined to agree to continued British fishing on a "sharply reduced" basis. The decision of the coalition Progressives to await the British demands before adopting a position does not augur well for a speedy conclusion to the negotiations.

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In the weeks before the talks began, many public and private organizations demanded that Icelandic negotiators grant no concessions whatsoever. The Communist-dominated Peoples Alliance, as well as sizable numbers of supporters of the coalition parties, believe that the 50-mile zone should be reserved for Icelandic fishing.

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On the broader question of fishing rights in the 200-mile zone, sentiment is growing in all political parties to condition agreement with the EC countries on implementation of the EC-Iceland tariff agreement. Bonn has blocked the tariff pact and imposed a ban on purchases of Icelandic fish after Iceland refused to permit German freezer trawlers to operate off the coast. Alleged fishing violations by the West Germans recently have created a hostile climate in Iceland that probably will force Reykjavik to take a tough stand in talks with Bonn. Informal talks could resume shortly at the UN between foreign ministers Agustsson and Genscher. (Confidential No Foreign Dissem)

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